



SANTA ROSA COUNTY BOARD OF COMMISSIONERS OFFICE OF MANAGEMENT & BUDGET



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MEMORANDUM

TO: Board of Commissioners

FROM: Hunter Walker, County Administrator

DATE: July 15, 2006

SUBJECT: FY2006-2007 Santa Rosa County Recommended Budget

Pursuant to the applicable Florida Statutes, transmitted herein is the recommended Santa Rosa County Budget for fiscal year 2006-2007. This proposed budget represents the general operating framework for provision of all county services for the forthcoming year and is the County Administrator's proposed plan of implementation and recommended levels of service.

The purpose of this memorandum is to provide the Board with a broad overview of this year's proposed budget by highlighting areas of change or impact. To that end, not every fund or expense category will be addressed, but can and should be dealt with in considerably more detail during subsequent budget workshops. Following are those issues or initiatives of significant change or impact.

Property Valuation Increase

The county-wide assessed value for all property, as provided by the Property Appraiser, is \$8,597,671,764 yielding \$54,050,340 in Ad Valorem taxes at current millage of 6.6175 mills this represents a 30.748% increase over last year. This is not only a significant increase; it is a historically unprecedented increase and one that seems to be replicated all over the State of Florida this budget year. This year's 30.748% increase consists of 26.823% valuation increase and 3.925% new construction. As points of reference, here are the three most recent year comparisons for Santa Rosa County:

<u>Fiscal Year</u>	<u>Percentage Increases over prior year</u>		
	<u>Ad Valorem</u>	<u>Valuation</u>	<u>New Construction</u>
2004	8.944%	5.173%	3.767%
2005	8.829%	3.645%	5.184%
2006	10.968%	5.865%	5.103%
2007	30.748%	26.823%	3.925%

It seems wise to handle this increase, which appears to be an anomaly very carefully. The immediate reaction is to reduce the millage, but for a number of reasons a reduction in this budget is premature. Aside from the above concern that this is a one time or non-recurring increase, the County faces two enormous challenges in the coming years that will require funding: replenishment of disaster depleted reserves and delayed/deferred capital projects.

Replenishment of Reserves: Hurricanes Ivan & Dennis took a significant toll on the financial reserves of Santa Rosa County. Currently the County has expended approximately \$10 million responding and recovering from these two hurricanes which will not be reimbursed. This amount fluctuates based on insurance settlements, closeout questions with State and Federal partners, but clearly when both storm events are finalized the County reserves will have been depleted in excess of \$10 million. These reserves accumulated over a number of years, thus they will be replenished over a number of years as reflected in this budget plan.

Capital Projects: Santa Rosa County has deferred the construction of a number of buildings/facilities through the years and consequently it becomes more difficult and less efficient to operate with functionally obsolete or undersized buildings. These needs must be addressed and this preliminary budget is part of that process.

- State Attorney Offices \$2.0M (06-07)
- Public Health Dental Clinic \$0.5M (06-07)
- Courthouse Renovations \$2.0M (06-07)
- Public Works/Public Services Complex \$7.0M
- EOC Building \$10.0M
- Judicial Facility \$30M-40M

My recommendation is to equally divide the amount of excess revenue over expenses between Capital Projects Reserves and unrestricted reserves. It should be noted that the County currently has \$7,453,800 which has been escrowed pending settlement of litigation.

Budget Overview

The total budget for FY 2007 is \$121,899,657 which reflects a 19.18% increase over prior year original budget. The total budget continues to reflect the transfers in and out attributable to hurricane recovery and reimbursement along with hurricane housing, CDBG and related grant programs. This message, as in all those I have done in past, will focus on the operating budget consisting of the three taxing funds as outlined below.

- **Taxing Funds**

These include the General Fund, Road & Bridge Fund and the Fine & Forfeiture Fund which are the only funds that receive Ad Valorem, or property tax proceeds directly. While there are more than fifty funds in the proposed budget, the majority of the operations of the County are included in these three funds.

- The operating budget, which entails those funds receiving ad valorem receipts is \$85,059,175 which reflects a 13.53% increase over prior budget.
- **The General Fund** is the largest fund in the Santa Rosa County Budget and provides funding for the majority of functions or offices responsible to the Board of Commissioners as well as funding every Constitutional Office in the County. The General Fund for proposed FY06-07 Budget is summarized as follows:
 - Supervisor of Elections
 - Personnel Changes: None
 - Budget Request: \$ 875,135; 6.2% increase over FY2006
 - Clerk to the Board
 - Personnel Changes: one Finance Clerk
 - Budget Request: \$ 1,364,860; 13.4% over FY2006
 - Property Appraiser
 - Personnel Changes: None
 - Budget Request: \$ 3,147,370; 8.0% over FY2006
 - Sheriff
 - Personnel Changes: Add 38 personnel authorizations
 - Budget Request: \$ 32,209,090; 17% over FY2006
 - Tax Collector
 - Personnel Changes: None
 - Budget Request: \$ 1,837,500 estimated

- Board of County Commissioners (BOCC)
The five (5) directorates responsible to the Board of Commissioners through the County Administrator and included in the General Fund include Public Works, Public Services, County Engineer, Office of Management and Budget, and Human Resources. Additionally, the Administrative Offices of the Board, County Administrator, and County Attorney offices and functions are Board responsibilities included in the General Fund. The following are these offices or functions included in proposed budget with notable differences from the previous budget.

➤ Public Works (General Fund only)

- Building Maintenance - maintains and repairs all county facilities. No personnel increases recommended with total request of \$2,497,370, 24% more than FY2006. The main areas of increase included Utilities, Repair & Maintenance of buildings, and Operating Supplies. The only significant equipment included is \$190,000 for installation of generators and automatic transfer switches in the Auditorium, Public Services Building and Public Works building providing alternate power after hurricanes. It must be noted that a significant expenditure omitted from this budget is \$56,000 for the replacement of the boiler at the canning facility co-located on Central High School property and deletion of janitorial position in Administrative Center.
- Parks Department maintains and repairs all county parks and proposed budget of \$1,134,840, reflecting a 10% increase from FY2006 with primary increases in Repair & Maintenance and Operating Supplies.

➤ Public Services

- Animal Services. Add one Kennel Technician. Budget Request: \$1,182,450; 13% over FY2006 with increase due primarily to replacement of equipment and the additional position. Several proposed positions were omitted/deleted from this budget, but given the growth in number of complaints or service calls, the number of animals, the number of adoptions, and number of walk-in customers at animal shelter, the additional Kennel Technician was necessary from customer service perspective.

- o Building Inspections & Compliance:
Addition of 8 personnel authorizations including Code Enforcement Officers (2); Building Division Branch Supervisor, Permit Coordinator, Electrical Inspector, Building Inspector, Building Permit Technician I, and an Office Assistant Budget Request: \$3,728,850, 16% over FY2006 which also includes replacement vehicles. Eighty percent (80%) of this departments revenues are building and related permit fees and part of this budget process will include fee schedule increase to offset this increase, thus it will be revenue neutral to general fund budget.
- o Planning & Zoning Department
Addition of two (2) personnel authorizations for Assistant Director and Transportation Planner II. Budget Request: \$1,162,280; 15% over FY2006. Given the workload associated with current rate of growth and Board of Commissioners generated planning initiatives, these two (2) positions are a necessity for that office to effectively serve the public and the Board. It must be noted that two (2) other positions, a Housing Planner and GIS Planner were deleted from the Budget.
- o Emergency Management: Budget request of \$1,150,410, 61% over FY2006 with main areas of increase in equipment; purchase of Dialogic System replacement software; and movement of Emergency Responder Support from Emergency Communications. This office has been considerably increased based on the demonstrated need for additional staffing after both Hurricanes Ivan and Dennis of the preceding two years. Included in the equipment is rapid responder vehicle and four-wheel drive replacement vehicle. Omitted from this budget was \$275,000 mobile command post and \$70,000 forklift.
- o Emergency Communications: Budget Request \$1,547,805, a 14% increase over FY2005-06 due to replacement of Positron equipment and CAD Software.

➤ County Engineer

- o Engineering Department: Budget request of \$1,371,470, 23% increase over FY2006 primarily in professional services for Navarre Town Center Phase I. Omitted from the budget is \$85,000 for salary and benefits of Project Manager which had specifically been requested by TEAM Santa Rosa.
- o Navarre Beach Other Expense, budget request of \$361,870, 32% over FY2006 due to replacement equipment.

- o Local Mosquito Control
Addition of 1 Fog Truck Operator
Budget Request: \$599,840; 21% over FY2006
primarily the result of replacement equipment and additional truck and fog equipment for additional operator. This operator is required to maintain current level of service in spraying the entire county on eight day cycle. Additionally, mild winters have required more spraying, earlier with resulting impact on operating supplies, equipment, and personnel.

➤ Office of Management & Budget

- o Computer support
No personnel increase recommended
Budget Request: \$1,038,910; 7% over FY2006
- o GIS Dept
Transfer of one position from Road & Bridge Dept
Budget Request: \$303,020; 11% over FY2006
- o Procurement
No personnel increase recommended
Budget Request: \$584,500; 21% increase over FY2006
(main area of increase is in Communications)

➤ Human Resources/Risk Management



- o County Library, Budget request: \$2,589,495, a 72% increase over FY2006 primarily due to start-up costs for Pace Library which includes equipment and four (4) full-time positions, and equipment for the Library Administration office, completing the changeover from West Florida Regional Library. Two positions from Pace Library and five other positions system-wide were eliminated from this proposed budget.

Road and Bridge Fund

Road and Bridge Department Budget request of \$13,086,42, a 13% increase over prior year primarily due to replacement equipment and increased fuel cost. As an aside, the Public Works director requested an additional road construction crew at an additional cost of \$1,186,270 to this Fund in personnel and equipment costs. This is an "all or nothing" request and it could not be undertaken within the constraints of the available funds.

Fine & Forfeiture Fund

The only Board responsibility in this fund is for Court Facility costs. All other costs are covered by the Article V funding sources.

No personnel increases recommended

Budget Request: \$639,995; 16% increase over FY2006
(Main areas of increase are utilities and repair & maintenance costs)

- **Cost of Living Adjustment (COLA)**

The proposed budget includes a 2.5% cost-of-living-adjustment for all employees and is essential for County to maintain competitiveness in hiring and retaining qualified people.

- **Major Enterprise/Proprietary Funds**

Navarre Beach Utility System: This department is funded entirely by revenue generated from water and sewer rates and tap fees paid by utility system users/ratepayers. It receives no subsidy from General Fund and revenue in excess of expenditures remain within this fund to be used for system improvements. This fund has been negatively impacted by two unrelated factors or events. The first is the need to upgrade the wastewater treatment facility preparatory to relocation of effluent disposal on Eglin AFB. The second is the loss of utility users and revenue after Hurricane Ivan. The proposed budget is \$1,469,390 a twelve percent (12%) reduction from FY05-06.

Landfill Fund: This department is funded by tipping fees and related revenue, including recycling revenue, generated at Central Landfill and Recycling Center. The proposed budget for this fund is \$7,592,960 which includes \$3.5 million in landfill reserves which will fund construction of an additional lined cell at Class I facility as required by Florida Department of Environmental Protection permit. The remaining increase include two personnel slots and replacement equipment.

- **Commentary on this year's budget**

This is the twenty-first year in which I have submitted an annual budget to an elected local governing body and is one of the most difficult, if not the most difficult budget to date. I have never experienced, nor has Santa Rosa County ever experienced, the magnitude of property valuation increases as in the coming fiscal year, while simultaneously confronted by so many urgent and divergent unmet or deferred needs.

As noted from the summary above, a number of positions and initiatives were deleted from operating budget including the additional paving crew and equipment for Road and Bridge Department; the Project Manager for Engineering; several planners in Planning and Zoning Department; emergency response equipment for Emergency Management Department; and others. In my judgment it was imperative to set aside funds for capital projects as outlined above and the only source of those funds were in reducing expenditures included in budget.

This budget also includes service enhancements including the newly constructed Pace Library and the establishment of the Santa Rosa County Library System. Over time, this will significantly enhance the quality of life for our citizens. Also, the increased staffing of the Emergency Management Department will ensure quality planning and response for hazards and disaster, both natural and man-made.

In summary, this proposed or recommended budget is a work in progress. Budget workshops have been scheduled for the Board to review in detail the proposed budget and ensure that the programs, initiatives, and funding levels are congruent with its goals, objectives, and policies.

As always, I am deeply grateful to the Constitutional Officers and staff their staff members, the County Department Directors and Department Heads, and the Director of the Office of Management and Budget for the efforts and assistance in this matter.